

DOCUMENTATION

A REVIEW OF MANDEL'S PARTNERS REPORTING (1ST HALF) REVEALED THE FOLLOWING:

RJR SALES: 62,565 CARTONS (INCLUDES 3071 UNREPORTED CARTONS)

RJR PURCHASES (1/1/96 - 6/30/96) : 63,300 CARTONS

SALES / PURCHASE % : 98.8%

I ALSO LOOKED AT MANDEL'S REPORTING OF COMPETITIVE SALES (PHILIP MORRIS, B.A.T.) TO DETERMINE IF SALES INCREASED DURING COMPETITIVE PROMOTIONAL PERIODS. THIS, I FELT, WOULD TELL ME IF COMPETITIVE REPORTING WAS ACCURATE OR IF AN EFFORT WAS BEING MADE TO INCREASE RJR SHARE BY MISREPORTING COMPETITIVE ACTIVITY. THIS REVIEW SUGGESTS THAT BOTH PM AND B.A.T SALES WERE REPORTED AS THEY OCCURED (SEE PM CHARTS). WHILE I REALIZE THAT "ANYTHING IS POSSIBLE", I SEE NOTHING TO INDICATE THAT WE SHOULD DISALLOW THE ADDITION OF THE 3071 CARTONS THAT MANDEL CLAIMS WERE SOLD.